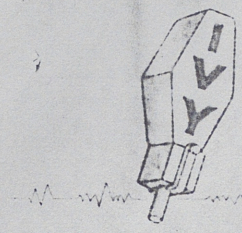

THE IVY NETWORK CORPORATION

WHERE FUTURE AMERICA LISTENS AND LEARNS TO BUY

242-A YALE STATION • NEW HAVEN, CONN • STATE 7-0711

HERBERT F. DECKER
GENERAL MANAGER

ROBERT F. BREMNER
BUSINESS MANAGER

STEPHEN T. SOMMER
EXECUTIVE MANAGER

12 January 1962

Mr. Michael S. Rice
President
Harvard Radio Broadcasting Co., Inc.

Dear Michael:

Although I am in effect ex-General Manager of the Ivy Network, I feel it is my duty to publicly relate the Ivy office's "reactions" to your letter of January 9th, 1962.

At the September meeting of the Network, a resolution was passed to the effect that a budget would be submitted by the Ivy office at the December meeting on the basis of contractual income. In making the budget, the Ivy office realized that a budget based on purely contractual income, as of September, would be totally unrealistic and beyond "the bounds of reason." So with the resolution in mind, the office made two budgets which were submitted to the Corporation in December. One of these was based on contractual income, one on estimated income. After some discussion, it was wholeheartedly approved by the Board of Directors of the Ivy Network Corporation that be budget be based on estimated income, by a vote of 6-2, WKCR and WHRB dissenting.

With this in mind, and also noting that the arguments you present against our current budget were well presented by WHRB's Station Manager when this matter was being discussed in it proper place at the December meeting, we can see no need for a special meeting devoted to this question. Frankly, it does not seem to be a question of such vital importance that it cannot wait to be resolved in April, particularly when considering that the question has already been fully discussed. However, if other stations agree with you, we will be perfectly willing to try to arrange a convenient date for all Directors.

THE NETWORK

I might add that our professional auditor, who is also a professor, has told us that it is "sound business practice" to base any budget upon a realistic appraisal of income. And this is what we have done with our present budget.

As to your discussion of the amount of estimated income which has been projected, I must take issue with some of your facts and must also say that I heartily resent the tone in which you present them.

The failure of some contracts to renew wasein no way whatsoever due to a poor job of Ivy selling, which you intimate. Specifically, Reynolds cancelled WHRB, WBRU, and WXPN because of their saturation in these respective major metropolitan areas. We argued with their reasoning on this, but to no avail, so they only renewed the four other stations in smaller towns. Schlitz cancelled WHRB as of January 18th, but are keeping their full schedule on WVBR, WPRB, and WYBC. The reason for this is that they needed a little extra money from somewhere and thus dipped into the Ivy Network contract for it, cancelling a station which does no merchandising for them, merchandising being their prime requisite. I might add that WHRB got the original renewal by riding in with the other three stations, all of whom submitted excellent renewal reports of last year's efforts. As for Lanvin, they did not renew because of their particular budget problems.

I could go on and list reasons for other non-renewals, and also list reasons for the many new contracts that have been brought in, but I don't think this is necessary. The basic point is that there are no "sure renewals," and existing contracts are cancelled only under extraordinary circumstances. And I think it's important to understand the mechanics of selling national advertising for the Ivy Network, which you don't seem to do in your letter.

No one can expect a buy from any particular client until it's bought. However, one can expect that from many good possibilities a few will come through. When the General Manager's report is given at a convention meetings, it does not consist of "expected contracts" but rather of good possibilities. We do not expect to land even half of them, but we do expect to get some of them, and we have in the past and will in the future.

So there is no "dematerialization of many of the rosy prospects that were laid before the conventions of April and September" and even December. Our present billing is approximately $53,000 for this fiscal year, already more than last year and enough to still have a surplus of over $2000 on the basis of our current budget. And this isn't even counting the many good possibilities for this spring.

On the basis of this unfortunately long but necessary presentation, I can see no cause for a special meeting to discuss the budget. As a matter of fact, I can't even see any cause for complaint.

Sincerely,

Herbert F. Decker

Herbert F. Decker

HFD/eam

cc: Ivy Network Stations Managers
William Fishman